

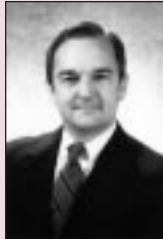


Missouri Department of Revenue

# Tax Bulletin

Volume 8, No. 1

Spring 1999



## *Directly Speaking . . .*

Since the last *Tax Bulletin*, several teams have been hard at work to simplify some of the most important products of the Department of Revenue. I am excited to report that these efforts are beginning to bear fruit. Each of these teams has a more detailed report elsewhere in this bulletin, but I want to highlight some of their accomplishments.

Implementation of the Sales Tax Return Team recommendations is nearly complete. Revised return forms were effective for the January 1999 filing period. The new forms are more readable and simple to use. They also have added assistance telephone numbers so taxpayers can more readily obtain answers to questions that may arise.

Also as a result of this team's recommendations, the Division of Taxation and Collection has been developing a Sales/Use Tax Detailed Instructions and Information book. Our customers told us improved instructions would help reduce their costs of compliance, so we are developing this new product designed to their specifications. We anticipate that this book will be available in June 1999.

Another project I have mentioned before is a complete review of the sales and use tax regulations. In early March, the Sales and Use Tax Regulation Team made its recommendations and the department has begun implementation.

The department has undertaken a complete redraft of the existing regulations. The team confirmed what we all believed: the regulations are outdated due to the rapid changes that have occurred in sales and use tax laws over the past few years. When this project is complete by the end of 1999, all of the regulations will be updated to reflect the current state of the law.

Our customers also told us that regulations in their current form did not provide the information in a user-friendly format. So we are not simply updating, we are completely redesigning **all** of the rules. Some of you have

already seen a prototype of the new format and have told us you agree that it is both easier to use and more informative.

The team did not stop there, however. Our customers made it clear that they wanted input on the rules prior to the formal comment period; consistency in application; and a process to keep the rules current. The department, therefore, has identified a small group of employees from the Division of Taxation and Collection and the General Counsel's Office and charged them with the responsibility to monitor changes in the law and to seek comment from our customers in order to keep the rules current. This group has a longer-term goal of developing a database of department policy to promote consistent application of the law. Over the coming months, you will be asked to help this team make this goal a reality. I want to thank you in advance for your assistance.

Although there are several other recommendations of this team, one more is particularly worthy of comment. The revised regulations will be available—and searchable—on the Internet by the end of this year. This coincides with the work of another team that will soon be presenting its recommendations—the Website Improvement Team. In the next twelve months you can expect to access the department electronically to a much greater extent than ever before.

Finally, we have chartered a team to review the sale/use tax audit process. This team is currently in the process of meeting with focus groups of our customers to learn how our audit process can best serve them. Our hope is that we can find ways to use this process to increase **voluntary** compliance.

As you can see, the employees of the department are striving to increase customer satisfaction and reduce the cost of compliance. I want to thank you for your help along the way. Working together, we can make this process work for all of the people of Missouri.

*Jacenta Wilson*

Director of Revenue

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## New Motor Fuel Tax Law

by Jane Burd, Supervisor, Excise Tax Section, (573) 751-3804

The new fuel tax law went into effect January 1, 1999. This law was a complete rewrite of Chapter 142. The incidence of the tax moved from the distributor level to the supplier level. All fuel tax is paid by the distributor to the supplier who remits the tax to the state when the fuel is pulled from a terminal. If the fuel is destined for Missouri, the Missouri tax is collected. If the fuel is destined for another state, the supplier collects the destination state tax and remits directly to the destination state.

Also, the new Missouri law follows the dyed diesel fuel provisions of the federal law. All dyed diesel fuel must be used for off-road purposes and is exempt from the state fuel taxes. Penalties are imposed on any user found with dyed diesel fuel in the fuel supply tank of a motor vehicle. Two exceptions that allow the use of dyed fuel in a motor vehicle without a penalty are school buses and state and local government agencies. The Missouri state fuel tax of 17¢ a gallon still applies to these uses and it must be paid to the state by the ultimate vendor or the consumer.

The department has sent letters to all fuel tax licensees in Missouri and held several seminars throughout the state explaining the new law. New licenses were issued in December 1998 and new reporting forms for suppliers, distributors, terminal operators and transporters were mailed in January 1999.

New reporting forms and an updated list of all fuel tax licensees are available on the department's Internet page: <http://dor.state.mo.us/tax/licensee.htm>

Anyone with questions regarding the new law may contact the Excise Tax Section, (573) 751-2611, or P.O. Box 300, Jefferson City, MO 65105-0300, or e-mail: [excisetax@mail.dor.state.mo.us](mailto:excisetax@mail.dor.state.mo.us).

## Does Missouri Have an Estate Tax?

by Alvera Hagenhoff, Estate Tax Unit, (573) 751-4768

Yes, the State of Missouri *does* have an Estate Tax Law. Estate tax collections for fiscal year 1998 totaled \$100,860,728.74.

Missouri law imposes an estate tax in an amount equal to the credit amount allowed on the Federal Estate Tax return for state death taxes under Section 2011 of the Internal Revenue Code. The death tax credit is apportioned when the estate contains property having a situs outside the State of Missouri.

Section 145.481, RSMo, requires a return by an executor or other person required to file a Federal Form 706. The tax is reported by filing Form MO-706, Missouri Estate/Generation-skipping Credit Tax Return and Form MO-NRE/MO-RE, Nonresident Decedent-Missouri Property and Resident Decedent-Non-Missouri Property.

Below is a list of reminders to assist the taxpayer in the accurate preparation and filing of these forms:

1. The due date for the filing of the return and the payment of tax due is nine months after date of death. Interest will be added to all tax payments made after the due date. Additions to tax and penalties will be imposed for both delinquent returns and delinquent payments of tax.

2. An extension of time to file the return is requested by filing Form MO-60, Missouri Application for Extension of Time to File, with the Department of

Revenue. Missouri grants an automatic extension of time to file if a federal extension of time to file is received. An extension of time to file does not extend the time to pay. Payment of the tax is due within nine months after death unless an extension of time to pay is received. Attach a copy of the approved federal extension Form 4768 when filing the Missouri return.

3. In cases where the estate elects to defer the federal estate tax and make installment payments under Internal Revenue Code Section 6166, the estate may make payments of the Missouri Estate Tax in amounts proportionately equal to the federal installment payments. Deferred and installment payments with interest are paid at the same time and in the same manner as the payment of the federal estate tax. Federal interest rates are applied to the deferred portion of the Missouri tax.

4. Attach copies of pages 1, 2 and 3 of the Federal Form 706 to Missouri Form MO-706. Copies of Federal Schedules A through K are required for Form MO-NRE and MO-RE.

5. The executor or personal representative of the estate must sign the return.

If you have questions or need additional information, please contact the Estate Tax Unit at (573) 751-4768, P.O. Box 27, Jefferson City, MO 65105-0027.

## MODOR BSS Will be Shut Down December 31, 1999

The Division of Taxation and Collection has announced that the MODOR Bulletin Board System (BBS) will be shut down on December 31, 1999. MODOR BBS was put into operation in 1995. However, technology has advanced to the point where bulletin board services are no longer an efficient means of providing information. In the past five years that the system has been operational, there has been a dramatic shift away from bulletin board services to the Internet. As a result, utilization has decreased to the point that it is not feasible to continue maintaining MODOR BBS.

To better serve the taxpayers of Missouri, all of the information that was available on the BBS System can be obtained from the Department of Revenue's Internet Site at <http://dor.state.mo.us> or the Forms-by-Fax System at (573) 751-4800.

Please send any questions or comments to: [TaxForms@mail.dor.state.mo.us](mailto:TaxForms@mail.dor.state.mo.us).



Missouri Department of Revenue

Mel Carnahan, Governor; Quentin Wilson, Director of Revenue; Carol Russell Fischer, Director, Division of Taxation and Collection

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## Rules Take Effect

by Vickie Wood, Legislative Secretary,  
Office of Legislation and Regulations,  
(573) 751-2110

There are four rules relating to taxes that either have recently gone into effect or will become effective in the near future. A short recap of each rule is listed below along with the rule number and remarks about the effective date of the regulation.

**12 CSR 10-2.226 Withholding of Tax by Nonresident Entertainers.** This amendment expands the definition of a nonresident entertainer and amends the withholding and reporting obligations.

Proposed Amendment – Published in *Missouri Register* 02/01/99, comment period concluded 3/03/99, Order of Rulemaking to follow.

**12 CSR 10-41.010 Annual Adjusted Rate of Interest.** This amendment establishes the 1998 annual adjusted rate of interest to be charged or paid on tax underpayments and overpayments at 8% as prescribed by Section 32.065, RSMo.

Emergency Amendment – Published in the *Missouri Register* 01/15/99, effective 01/01/99, expires 06/29/99.

Order of Rulemaking filed with the Joint Committee on Administrative Rules, in waiting period.

**12 CSR 10-41.030 Power of Attorney.** This was incorrectly published in the last tax bulletin, this is an update. This amendment clarifies that the submission of a power of attorney form will **not** suffice as an official notification of mailing address changes.

Published in the *Code of State Regulations*, effective 12/30/98.

**12 CSR 10-44.010 Tire Fee Application.** This amendment clarifies the definition and the application of the tire fee to sales of tires. A new form published with the amendment, "A Tire Fee Exemption Certificate", will help avoid confusion when selling tires to a registered tire retailer.

Rescinded and Re-adopted – Published in the *Code of State Regulations*, effective 02/28/99.

If you would like to receive a copy of any of the rules listed above, please contact the Secretary of State, Administrative Rules Division, P.O. Box 778, Jefferson City, MO 65102.

## Confidentiality of Tax Returns and Department Records

by Dave Coulter, Manager, Taxpayer Services Bureau, (573) 751-3958

The department receives numerous inquiries from tax preparers, attorneys, and employees of businesses and corporations, regarding tax refunds and account balances. The confidentiality provisions of Section 32.057, RSMo, prohibit any employee of the department from unauthorized disclosure of tax information.

The department cannot allow any communication regarding the specific account information of a taxpayer, unless the person inquiring is listed on the account's registration records, or the department has received a properly executed power of attorney. Individuals and corporations using a

preparer may authorize the department to discuss their return with the preparer, or any member of the preparer's firm, by checking "YES" in the authorization box on the individual income tax or corporation income tax returns. The authorization box is located by the signature block on the returns.

Please encourage your clients to take advantage of the authorization box if you will be handling adjustments on their account. Also, please remind your business and corporate clients to notify the department immediately when changes are made to their registration information.

## Sales/Use Tax Regulation Team Update

by Todd Iveson, General Counsel's Office, (573) 751-2633

In September 1998 Director Wilson chartered a team to review the sales and use tax regulations and make recommendations for improving them. Carole Iles, General Counsel, sponsored this team and worked closely with it throughout the process.

The team began by collecting information regarding the current state of the regulations. The data confirmed the situation perceived by the department: the sales and use tax regulations as they exist have not kept pace with legislative and case law developments of the last few years. Moreover, the regulations lack a coherent structure, making it very difficult for even department staff to find adequate guidance.

The team then asked those who use the regulations, both department employees and tax professionals, what we could do to make the regulations better. The answers we received were remarkably consistent. Our customers want the regulations to accurately reflect the current state of the law; to be clear, concise and understandable; to be complete and detailed; and to be easy to understand and to reference. Furthermore, they want the regulations to

result in consistent application of the law, certainty, increased compliance and less controversy. Our customers also feel strongly that the regulations and department policy should be reviewed regularly.

Armed with this information, the team developed four short-term recommendations and three long-term recommendations. These recommendations were presented to the department on March 3, 1999, and have all been accepted by the team's sponsor. We have begun work and have set an ambitious goal for completion of all short-term recommendations by December 31, 1999. The short-term recommendations are:

1. A complete redraft of the regulations. We have identified the regulations that are outdated and the new issues that are not currently addressed, and will revise the regulations accordingly.

This recommendation, however, is far more sweeping than a simple update. Our customers told us they want the regulations to cross reference statutes and case law, to include a comprehensive index and examples, to be

*See Sales/Use Regulation, page 6*



# Court Cases

by General Counsel's Office,  
(573) 751-2633

## Income Tax

**General Motors Corporation and Subsidiaries v. Director of Revenue**, Case No. 80853, (Mo. Supreme Court, 12/22/98).

The principal issue was whether the corporations have a right to file consolidated Missouri income tax returns even though the requirements of Section 143.451.3(1), RSMo, were not satisfied. The corporations were an affiliated group that filed a consolidated federal income tax return. They claimed the statute violated the Commerce Clause, U.S. Constitution art. I, sec. 8.

The Court found that requiring fifty percent of the business to be done in Missouri created a difference based upon the geographic location of the business which was impermissible. The Court severed the fifty-percent threshold requirement.

## Income Tax

**Sandra A. Spaulding Ross v. Director of Revenue**, Case No. 97-003259 RI (AHC, 11/24/98).

Sandra A. Spaulding Ross (Taxpayer) moved from Maine to Missouri in 1990. Taxpayer filed her 1991 Missouri individual income tax return on 4/15/92. Taxpayer sold her house in Maine in 1991 but did not file a Maine income tax return. She filed an amended 1991 Missouri return and paid the added tax. On 8/21/95, she filed a request for refund of the tax due on the sale of the house in Maine.

The Administrative Hearing Commission found Taxpayer did not file a refund request until over three years after filing her return and over two years after paying the tax that resulted from filing the amended return. Section 143.801.1, RSMo, provides a statute of limitations for claiming a refund. The filing of the original return and payment of the tax are the events that trigger the start of the limitation period and that period is not affected by the filing of an amended return.

## Income Tax

**Production Association of Southeast Missouri, Farm Credit Services of Western Missouri and Farm Credit Services of Eastern Missouri v. Director of Revenue**, Case No. 97-001969 RI (AHC, 1/14/99).

Production Association of Southeast Missouri, Farm Credit Services of Western Missouri and Farm Credit Services of Eastern Missouri (Taxpayers) filed amended returns claiming refunds of Missouri corporation income tax. The Taxpayers contended they were instrumentalities of the United States Government and were exempt from taxation by the State of Missouri.

The Administrative Hearing Commission (AHC) found the Taxpayers were part of the Farm Credit System. Farmers must become members and own stock in the PCA in order to have access to its services. Each member has one vote. The stock cannot be sold. The members redeem the stock for face value after their loans are paid off. The United States Government does not borrow any money from or own any stock in the taxpayers.

The AHC held the federal statute exempts from taxation only the interest on notes and obligations that PCAs have issued. While Congress has exempted other members of Farm Credit System, it did not exempt PCAs from state taxation. No part of the United States Government has any stock ownership in the Taxpayers. The description of these PCAs as federal instrumentalities does not reflect their true economic function nor are their interest coterminous with those of the Government any more than most commercial interests. The AHC denied their refund claims.

## Income Tax

**Eugene M. and Marilyn C. Pijut v. Director of Revenue**, Case No. 97-003651 RI (AHC, 1/21/99).

Eugene M. and Marilyn C. Pijut (Taxpayers) claimed that they were double taxed on interest earned on non-Missouri government bonds. The claim arose because they were required to include all of the interest income they received on the federal worksheet that is used to determine whether or not any of their social security income is to be included in their federal adjusted gross income, and were then required to list the non-Missouri interest as an addition to income on the Missouri return.

The Administrative Hearing Commission (AHC) found that the interest on non-Missouri bonds was properly included as an addition to the Taxpayer's federal adjusted gross income pursuant to Section 143.121.2, RSMo. The AHC found that the worksheet used to determine what portion, if any, of individuals' social security benefits were to be included in the determination of federal adjusted gross income, is a completely separate and unrelated calculation, and

*Continued on next column*

does not result in double taxation. The indirect effect that including tax-exempt interest on the social security calculation worksheet has upon the total tax due does not convert the tax on Social Security benefits into a tax on interest.

The AHC denied the claim for refund.

## Sales Tax

**Service Vending Company, Inc., d/b/a Service Vending Company v. Director of Revenue**, Case No. 96-002541RV (AHC 1998).

Service Vending Company, Inc., d/b/a Service Vending Company (Taxpayer) was engaged in the business of making retail sales from vending machines. The director assessed use tax on the Taxpayer's purchase of vending machines that it stored in Missouri. The Taxpayer appealed the assessments to the Administrative Hearing Commission (AHC). It argued that the storage was only temporary and therefore, it did not use the vending machines in the state. It also contended that it had paid use tax in another state and therefore, it should not be liable for Missouri use taxes. The di-

*See Service Vending, page 5*

## Sales Tax

**Cedar Fair, L.P., d/b/a Worlds of Fun/Oceans of Fun v. Director of Revenue**, Case No. 98-002328 RV (AHC, 1/13/99).

The Cedar Fair, L.P., d/b/a Worlds of Fun/Oceans of Fun, (Taxpayer) made sales of food and drink to its on-duty employees in a lunchroom located on the Taxpayer's premises. The director denied the Taxpayer's request for a refund of sales tax paid on the sales of food and drink to its employees in the lunchroom.

The Administrative Hearing Commission (AHC) determined that the Taxpayer's employees were not members of the "public" under Section 144.020.1(6), RSMo 1994. Therefore, sales of food and drink to employees in the employee lunch-

room were not subject to sales tax because the employee lunchroom was restricted to on-duty employees and did not regularly serve the public.

The director argued that employees are part of the public. The AHC determined that the Taxpayer's employees are not part of the public. The director also argued that because the Taxpayer made sales of food and drink to the public in its amusement park, that sales of food and drink to its employees were subject to sales tax. However, the AHC determined that the employee lunchroom is a separate "place" under Section 144.020.1(6), RSMo, 1994, which does not regularly serve the public because the lunchroom is restricted to the Taxpayer's employees.

## Service Vending

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rector argued that the facts established the Taxpayer's use in Missouri, both prior to and after the machines had been placed into service and, that the Taxpayer failed to present any proof that taxes had been paid to another state.

The AHC reviewed the statutory definition of "storage", "any keeping or retention in this state of tangible personal property purchased from a vendor for any purpose, except sale or subsequent use solely outside the state." It stated that the facts showed use by the Taxpayer in this state of the vending machine and therefore, the machines were not purchased for "use solely outside the state." Based on this fact, the AHC found that the Taxpayer was liable for the use taxes as assessed. It further found that the Taxpayer, although given an opportunity, failed to present convincing evidence that it had paid use taxes on the vending machines to another state.

## Sales Tax Exemption for "Parts"

*Sections 144.030.2(4) and 144.030.2(5), RSMo. (Supp. 1998) As amended by SB 936 (effective August 28, 1998)*

### Meaning of the term "Parts"

Parts are articles of tangible personal property that are components of machinery or equipment, that can be separated from the machinery or equipment and replaced. Like machinery and equipment, parts must have a degree of permanence and durability. Items that are consumed in a single processing and benefit only one production cycle are ordinarily materials and supplies, not parts, within the meaning of the exemptions provided by Sections 144.030.2(4) and (5). Items such as: nuts, bolts, hoses, hose clamps, chains, belts, gears, drill bits, grinding heads, blades, and bearings, would ordinarily be considered "parts" within the meaning of these exemptions.

Substances such as fuels and coolants that are added to machinery and equipment for operation are not parts. Substances such as lubricants, paint and adhesives that adhere to the surface of machinery and equipment but are not distinct articles of tangible personal property, are not parts. These items are materials and supplies within the meaning of the exemptions. Similarly, welding rods and gasses that are used for repair purposes are materials and sup-

plies. Materials and supplies are exempt under Sections 144.030.2(4) and (5) only if used for installation or construction of machinery, equipment and parts that are otherwise exempt under these provisions.

### Requirements of the Exemptions under Sections 144.030.2(4) and (5)

To be exempt under Section 144.030.2(4) a part must meet ALL of the following requirements:

1. The part must replace a previous part. This can include repair and maintenance parts that are identical to the parts they replace, as well as parts that are different from the ones they replace, such as replacement parts added for the purpose of improving or modifying the machinery or equipment.
2. The part must be used directly in manufacturing, mining, fabricating or producing a product. Parts that are installed in machinery and equipment that are not directly involved in the manufacturing, mining or fabricating processes are not exempt.
3. The part must be used in a process that produces a product intended to be sold ultimately for final use and consumption.

To be exempt under Section 144.030.2(5) a part must meet requirements 2 and 3 above, AND be used to establish a new or expand an existing manufacturing, mining, or fabricating plant in this state.

For the purposes of this exemption, a plant expansion includes improvements that result in an actual or potential: (1) increase in production volume at the plant, (2) increase in employment at the plant, or (3) increase in the number of types or models of products produced at the plant. This actual or potential increase is measured in relation to the actual or potential production volume, employment or types or models of products of the plant when the machinery and equipment was originally put into use at the plant.

## State Holidays

*State offices will be closed in observance of the following holidays.*

<b>May 7</b>	Truman's Birthday
<b>May 31</b>	Memorial Day
<b>July 5</b>	Independence Day

## Sales/Use Tax Regulations

from page 3

fully annotated and to be available and searchable on the Internet. We have circulated a prototype regulation to the people who participated in our focus groups, incorporated their comments, and will revise **all** of the regulations to conform to this prototype.

We are also updating our auditor training manual and, for the first time, will make it generally available to the public. Our sales and use tax regulations will be organized using the same table of contents as the manual so that the two can be easily used together. The manual will provide additional insight into department policy that cannot be provided in the regulations themselves.

A key feature of this process will be obtaining taxpayer input **prior** to submitting draft rules for formal rule-making. As we did with the prototype, we intend to circulate draft rules to interested members of the public during drafting. Anyone interested in being part of this process should send an email message to: majordomo@mail.state.mo.us. The body of the message should be: "subscribe salestaxregs" with the subject line blank.

2. We have assigned responsibility to a small group of employees, including the Deputy Director of Taxation and the Deputy General Counsel, to oversee the redrafting, subject to final approval by the department's Tax Policy Group. This new group will also be responsible for monitoring cases, legislative changes, letter ruling requests, public comments and many other areas and recommending future changes to the regulations in order to

keep them current. Finally, this group is also charged with a longer-term goal of developing a database of all types of department policy statements to promote consistent application of the law.

3. An earlier team recommended industry specific sales and use tax seminars, which will include the publication of separate industry manuals. The sales and use tax regulation team will assist in this process by developing written materials based on the revised regulations and auditor training manual for use in the new industry manuals.

4. The sales and use tax regulation team will also be working with another team chartered by the director, the Website Team, to have the revised regulations available on the Internet by the end of this year.

The team's long-term recommendations include doing further focus groups with others who are affected by but may not use the actual regulations, such as sole proprietors and other small businesses, to assist us in developing other educational products more useful to them.

We have also recommended that the department take a hard, comprehensive look at our penalty provisions and appeal process to identify ways in which they can be redesigned to promote compliance rather than confrontation.

Finally, the team recommended that the department continue to work with the public, industry and legislators to identify ways to simplify the sales and use tax law. The complexities in the law as it has developed over time undeniably result in greater costs of compliance for everyone. The department will continue to advocate simplification of the law to promote equity, fairness and consistency.

## Subscribing to The Bulletin on a Listserver

The tax practitioner service is intended to be a method for the Missouri Department of Revenue to distribute tax information to tax professionals in a efficient and timely manner. You can expect bulletins about processing status and clarifications to instructions and forms as necessary. If you are interested in subscribing please follow these instructions.

Send an email message to: majordomo@mail.state.mo.us

The body of the message should be: "subscribe tax-practitioners" with the subject line blank.

Send the message. You should receive subscription confirmation within 24 hours.

## Business Tax Training

by Randy Sullens, Manager, Taxpayer Services Bureau, (573) 751-3958

The Missouri Department of Revenue conducts business tax seminars to familiarize new businesses with tax related issues. Seminars cover sales tax, withholding tax and business tax registration and reporting. Below is a list of upcoming seminars, dates, times and the location of each seminar.

May 5, 1999  
10:00 a.m. to 12:00 p.m.  
University of Missouri,  
Extension Center  
2436 Tanner Bridge Road  
Jefferson City, MO

May 5, 1999  
9:00 a.m. to 11:00 a.m.  
1110 E. Seventh Street, Suite 400  
Joplin, MO

May 12, 1999  
2:00 p.m. to 4:00 p.m.  
2510 S. Brentwood, Suite 300  
Brentwood, MO

May 14, 1999  
2:00 p.m. to 4:00 p.m.  
615 E. 13th Street, Room 127  
Kansas City, MO

June 12, 1999  
1:00 p.m. to 3:00 p.m.  
3102 Blattner Drive, Suite 102  
Cape Girardeau, MO

June 25, 1999  
3:30 p.m. to 4:30 p.m.  
149 Park Central Square, Room 313  
Springfield, MO

If you have any questions regarding the scheduled classes or would like to attend, please contact the nearest Tax Assistance Center at the following telephone numbers:

Cape Girardeau	(573) 290-5852
Jefferson City	(573) 751-7191
Joplin	(417) 629-3070
Kansas City	(816) 889-2944
Springfield	(417) 895-6474
St. Joseph	(816) 387-2230
St. Louis	(314) 301-1660



## Letter Rulings

by General Counsel's Office, (573) 751-2633

The following is a list of the letter rulings issued during the period of October 16, 1998 to March 8, 1999.

CL1138 Manufacturing—Ingredient/Component Part	CL1396 Refund Procedures—Refund from a Vendor
CL1148 Liquidations—Sales of Franchised Businesses, Equipment/Fixtures	CL1409 Sales by Non-Profit Corporation
CL1149 Lease/Rental, Sales by Out-of-State Business, Correct Tax	CL1415 Manufacturing—Mining Equipment
CL1156 Place of Amusement—Fitness Club Membership Dues	CL1416 Sales by Out-of-State Business
CL1163 Place of Amusement—Country Club Membership Dues	CL1417 Sales by Out-of-State Business
CL1164 Place of Amusement—Fitness Club Membership Dues	CL1422 Recycling—Purchase of Recycling Equipment
CL1170 Place of Amusement—Fitness Club Membership Dues	CL1425 Manufacturing & Parts—Lumber Industry
CL1183 Sale of Photocopies of Medical Records	CL1435 Sales by Out-of-State Business—Correct Tax
CL1187 Place of Amusement—Fitness Club Membership Dues	CL1439 Livestock—Feed for Animals
CL1190 Manufacturing/Blending Fertilizer	CL1441 Telephone Service—Sale of Space on Telecommunications Tower
CL1201 Internet—Designing & Installing Website	CL1442 Contractors, Sales by Out-of-State Business—Correct Tax
CL1204 Agriculture—Products Used in Crop Production	CL1446 Recycling—Purchase of Equipment Used by Recycler
CL1218 Fund Raising—Sale Made to/through Charitable Organization	CL1447 Labor/Services—Sale of Insurance/Warranty Services
CL1241 Contractor—Self-Accrual of Tax	CL1473 Non-Profit Organization—Vending Machine Sales
CL1255 Sale of Coupons	CL1482 Agriculture—Purchase of Electricity by Grain Elevator
CL1279 Manufacturing & Utilities—Manufacturing Exemption, Steam	CL1489 Sales for Resale—Cost Factoring
CL1350 Non-Profit Corporation—Incident of Tax	CL1506 Place of Amusement—Fitness Club Membership Dues
CL1351 Contractors—Labor & Materials	CL1507 Agriculture & Utilities—Purchase of Water for Agricultural Purposes
CL1352 Place of Amusement—Country Club Membership Dues	CL1509 Sale of Sound System Programming
CL1359 Contractor—Interpretation	CL1515 Labor/Services—Sale of Video Recording
CL1368 Dual Operator—Tax Base	CL1531 Place of Amusement—Fitness Club Membership Dues
CL1372 Manufacturing—Mining & Cement Production	CL1538 Engineer Firm Exemption
CL1385 Sales by Out-of-State Business—Situs of Sale	CL1552 Successorship Liability
	CL1594 Manufacturing—Machinery & Equipment

Copies of the sanitized version of these letter rulings are available at a cost of \$1.10 plus sales tax of 6.225% each by writing to the Department of Revenue, General Counsel's Office, P.O. Box 475, Jefferson City, MO 65105-0475. Copies may also be obtained from the department's Web Site (<http://www.state.mo.us/dor/tax>).

## Update on 1999 Sales Tax Return and Instructions

by Dwayne Maples, Manager, Central Processing Bureau, (573) 751-5820

As reported in the Fall 1998 *Missouri Department of Revenue Tax Bulletin*, the Division of Taxation and Collection was in the process of revising the Sales Tax Return for multiple location filers, Form 53-SF (DOR computer generated form) and Form 53-1 (flat form). These revised forms were put into production effective for the January 1999 filing period. These changes were a result of recommendations received from various customer groups that were interviewed by the department's Sales Tax Return Charter Team, established by Director Wilson. Many of these changes have also been incorporated into the Use Tax forms.

Revisions to the Sales Tax Return included: Addition of local area and

central office taxpayer assistance phone numbers, providing line by line instructions with calculation examples, moving final return information to the front page of the form, highlighting and enlarging the filing period and due date, highlighting and enlarging the area for the Missouri Integrated Tax Account Number and eliminating the worksheet and need for completing the itemized adjustments.

In addition to the sales tax form, customers identified instructions and information as items they would like to have addressed to improve and simplify preparation and filing. The Division of Taxation and Collection is currently in the process of developing a new Sales/Use Tax Detailed Instructions

and Information Book. As suggested by customers, it contains the following information: Local Area Tax Assistance Centers and Other Important Phone Numbers, Sample of Sales/Use Tax Returns with references, detailed instructions with examples, frequently asked questions section, comprehensive list of available adjustments/exemptions and a guide for what tax records should be retained.

The target date for the implementation for the new detailed instruction/information book is June 1999.

The department is continuing to work with customers to improve Sales/Use tax return preparation and processing. Look for future changes and developments in this area.

# Tax Calendar

## Due Dates for April – August 1999

### April

- 5 Quarter-Monthly Sales Tax  
Quarter-Monthly Withholding Payment
- 12 Quarter-Monthly Sales Tax  
Quarter-Monthly Withholding Payment
- 15 Estimated Tax Declarations  
for Individuals  
Estimated Tax Declarations for Calendar  
Year Corporations  
Form MO-1120 for Calendar Year  
Foreign Corporations  
Forms MO-1040, MO-1040A,  
MO-1040B, MO-1041, MO-1065,  
MO-1120 and MO-1120S  
Property Tax Credit Claim (Form  
MO-PTC)  
Form MO-60 – Extension Request  
Cigarette Tax Credit Account and Return  
Financial Institutions Tax Return  
Other Tobacco Products Monthly Report
- 20 Quarter-Monthly Sales Tax  
Quarter-Monthly Withholding Payment
- 22 Cigarette Tax Cash Accounts Return
- 27 Quarter-Monthly Sales Tax  
Quarter-Monthly Withholding Payment
- 30 Monthly Sales/Use Tax Return  
Quarterly Sales/Use Tax Return  
Quarterly Withholding Return  
Monthly Withholding Return  
Motor Fuel/Special Fuel Report  
Tire Fee  
Quarterly Insurance Tax Payment  
Quarterly Interstate Fuel Tax User Report

### May

- 5 Quarter-Monthly Sales Tax  
Quarter-Monthly Withholding Payment

- 12 Quarter-Monthly Sales Tax  
Quarter-Monthly Withholding Payment
- 17 Monthly Withholding Return  
Cigarette Tax Credit Account and Return  
Other Tobacco Products Monthly Report  
Form MO-1120/MO-60 for Calendar  
Year Trusts (Federal Form 990T)
- 20 Quarter-Monthly Sales Tax  
Quarter-Monthly Withholding Payment  
Monthly Sales/Use Tax Return  
Cigarette Tax Cash Accounts Return
- 26 Quarter-Monthly Sales Tax  
Quarter-Monthly Withholding Payment

### June

- 1 Quarterly Insurance Tax Payments  
Motor Fuel/Special Fuel Report
- 3 Quarter-Monthly Sales Tax  
Quarter-Monthly Withholding Payment
- 10 Quarter-Monthly Sales Tax  
Quarter-Monthly Withholding Payment
- 15 Estimated Tax Declarations  
for Individuals  
Estimated Tax Declarations for Calendar  
Year Corporations  
Monthly Withholding Return  
Cigarette Tax Credit Account and Return  
Other Tobacco Products Monthly Report
- 18 Quarter-Monthly Sales Tax  
Quarter-Monthly Withholding Payment
- 21 Monthly Sales/Use Tax Return  
Cigarette Tax Cash Account
- 25 Quarter-Monthly Sales Tax  
Quarter-Monthly Withholding Payment
- 30 Motor Fuel/Special Fuel Report

### July

- 6 Quarter-Monthly Sales Tax

- Quarter-Monthly Withholding Payment
- 12 Quarter-Monthly Sales Tax  
Quarter-Monthly Withholding Payment
- 15 Cigarette Tax Credit Account and Return  
Other Tobacco Products Monthly Report
- 20 Quarter-Monthly Sales Tax  
Quarter-Monthly Withholding Payment  
Cigarette Tax Cash Account Return
- 27 Quarter-Monthly Sales Tax  
Quarter-Monthly Withholding Payment

### August

- 2 Monthly Sales/Use Tax Returns  
Quarterly Sales/Use Tax Returns  
Quarterly Withholding Returns  
Monthly Withholding Returns  
Motor Fuel/Special Fuel Reports  
Tire Fee  
Quarterly Insurance Tax Payments  
Quarterly Interstate Fuel Tax  
User Reports
- 4 Quarter-Monthly Sales Tax  
Quarter-Monthly Withholding Payment
- 11 Quarter-Monthly Sales Tax  
Quarter-Monthly Withholding Payment
- 17 Individual Income Tax with  
Automatic Extension  
Monthly Withholding Returns  
Cigarette Tax Credit Account and Return  
Other Tobacco Products Monthly Report
- 18 Quarter-Monthly Sales Tax  
Quarter-Monthly Withholding Payment
- 20 Monthly Sales/Use Tax Returns  
Cigarette Tax Cash Accounts
- 25 Quarter-Monthly Sales Tax  
Quarter-Monthly Withholding Payment
- 31 Motor Fuel/Special Fuel Report  
Quarterly Insurance Tax Payment

**Tax Bulletin**  
**Missouri Department of Revenue**  
**P.O. Box 629**  
**Jefferson City, MO 65105-0629**

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